

**Virginia Highlands Advancement Fund
Post Office Box 1176
Damascus, Virginia 24236**

March 11, 2003

Ms. Rosemary Smith
Acting Associate General Counsel
Federal Election Commission
999 E Street, NW
Washington, DC 20463

RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL

2003 MAR 17 A 11:27

AOR 2003-07

Dear Ms. Smith:

I am writing to respond to the questions posed in your March 4, 2003 letter to me in order for the Federal Election Commission to handle my previous letter as a request for an Advisory Opinion concerning the Commission regulations with regards to the unexpected tax refund of the Virginia Highlands Advancement Fund (VHAF).

1.) Was the tax refund received for taxes paid only in 2002? If not, to what year(s) does the refund relate?

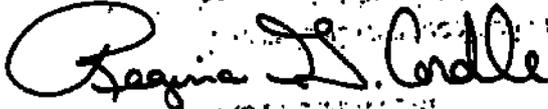
The refund was received based on the 2001 tax year; however, it was not based on taxes paid by the committee. The committee prepared the 2001 tax returns and was penalized for late filing of those returns. It was later determined by the Internal Revenue Service to abate all penalties and interest on the account because the committee was in compliance with the new federal regulations, therefore, resulting in the issuance of a refund check.

3. What accounting method does VHAF propose to use in refunding the monies to its donor?

The committee plans to provide a pro-rated portion of monies based on the percentage of funds to each donor who gave to the committee during 2002.

I would deeply appreciate your expediting the issuance of an Advisory Opinion in order to allow the termination of this Committee. If you have any questions, please feel free to contact me.

Sincerely,



Regina G. Cordle
Treasurer



FEDERAL ELECTION COMMISSION
Washington, DC 20463

March 4, 2003

Ms. Regina Cordle, Treasurer
Virginia Highlands Advancement Fund
Post Office Box 1176
Damascus, VA 242236

Dear Ms. Cordle:

This letter refers to a telephone conversation on February 6, 2003, among FEC Attorney Cheryl Hemsley, you, and Becky Coleman (of your organization) concerning the application of the Federal Election Campaign Act of 1971, as amended ("the Act"), and Commission regulations to your organization's unexpected tax refund.

In that phone call you stated the following facts: (1) As a State organization administered by a Federal officeholder, your organization can no longer expend the funds you received as a tax refund because all of the originating donations to your organization were "soft money" donations outside the limits of the Act. (2) You had two donors last year, one major contributor, a corporation; and one individual. (3) You wish to refund to these two donors the monies you received in an unexpected tax refund and to terminate your committee, but you are not certain of the appropriate accounting method by which to achieve an equitable refund to your donors.

For the reasons explained below, we need more information before we can handle your letter as a request for advisory opinion (AO). Under the Commission's regulations (11 CFR 112.4), the Commission may only respond to requester's questions in the form of an AO, and no opinion of an advisory nature may be issued by the Commission or any of its employees except in that form of an AO in conformance with the procedures of 11 CFR part 112.

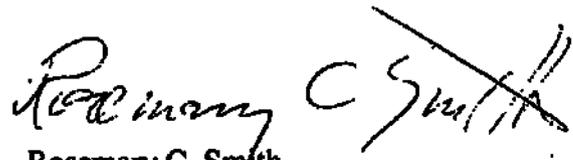
Please respond to the following questions.

- 1) Was the tax refund received for taxes paid only in 2002? If not, to what year(s) does the refund relate?
- 2) If the tax refund relates to years other than 2002, are there additional donors in those relevant years? How many?
- 3) What accounting method does VHAF propose to use in refunding the monies to its donors? (E.g., LIFO, FIFO, a pro-rated portion of the monies based on the percentage of funds each donor gave to the total funds received?)

Letter to Regina Cordle
Virginia Highlands Advancement Fund
March 4, 2003
Page 2

If you still want to request an AO, please send your responses to these questions, and a specific request for an AO, to the Commission's Office of General Counsel. Upon receipt of your responses, this Office will give further consideration to your inquiry. If you have any questions about the advisory opinion process or this letter, please contact Cheryl Hemsley at 202-694-1650.

Sincerely,

A handwritten signature in cursive script that reads "Rosemary C. Smith". The signature is written in black ink and is positioned above the printed name.

Rosemary C. Smith
Acting Associate General Counsel

**VIRGINIA HIGHLANDS ADVANCEMENT FUND
POST OFFICE BOX 1176
DAMASCUS, VIRGINIA 24236**

January 21, 2003

Rosemary C. Smith, Esq
Acting Associate General Counsel
The Federal Election Commission
999 E. Street, NW
Washington, DC 20463

RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL

2003 JAN 21 P 1:10

Dear Ms. Smith:

In response to your letter of January 2, 2003, I am pleased to provide the following information.

The Virginia Highlands Advancement Fund has not raised funds at any time for the purpose of influencing a federal election. It has not received contributions for the purpose of influencing a federal election. It is not affiliated with or otherwise connected with a federal political committee or a political party.

Congress passed the Campaign Finance Reform Act of 2002 and conferred upon the Federal Election Commission rulemaking and general supervisory authority over the Act. One provision of the Act requires that political organizations supervised by Members of Congress which are qualified under Section 527 of the Internal Revenue Code expend all funds prior to November 5, 2002 and cease operations following that date. The Virginia Highlands Advancement Fund is such a committee qualified under Section 527 of the Internal Revenue Code and administered by a Member of the US House of Representatives.

As stated in our letter to you dated December 19, 2002, the VHAF expended all funds prior to November 5, 2002; however, on December 9, 2002 the VHAF received an unexpected refund from the Internal Revenue Service in the amount of \$690.10. That refund is now residing in the VHAF checking account, and we are requesting from the Federal Election Commission an advisory opinion concerning the appropriate means of disposing of the \$690.10 under the provisions of the Campaign Finance Reform Act of 2002.

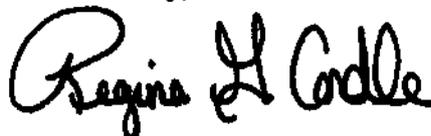
Our proposal is that the \$690.10 be refunded to previous contributors, upon which event the VHAF account may be closed and appropriate termination reports be filed upon the account closure. In view of the fact the Campaign Finance Reform Act of 2002 is silent on how this refund should be dispensed, your advisory opinion on the subject will be most helpful.

Page 2

I may be contacted by telephone at 276-628-7197. A message may also be left for me at 276-628-1145.

Thanking you for your assistance, I am

Sincerely,

A handwritten signature in black ink that reads "Regina G. Cordle". The signature is written in a cursive, flowing style with a large initial 'R'.

Regina G. Cordle
Treasurer, Virginia Highlands Advancement Fund



FEDERAL ELECTION COMMISSION
Washington, DC 20463

January 2, 2003

Ms. Regina Cordle, Treasurer
Virginia Highlands Advancement Fund
Post Office Box 1176
Damascus, VA 242236

Dear Ms. Cordle:

This refers to your letter dated December 19, 2002, concerning the application of the Federal Election Campaign Act of 1971, as amended ("the Act"), and Commission regulations to your organization's unexpected tax refund.

You state the following facts: (1) Virginia Highlands Advancement Fund ("VHAF") is qualified under section 527 of the Internal Revenue Code. (2) In your words, "in accordance with federal legislation, the VHAF expended all funds prior to November 5, 2002." (3) VHAF received an unexpected refund from the Internal Revenue Service of \$690.10 on December 9, 2002. (4) The organization would like to refund the \$690.10 to the previous contributors. You ask the Commission to advise whether this is an acceptable use of these funds, and if not, how these funds may be legally spent and the organization's account closed.

For the reasons explained below, we need more information before we can handle your letter as a request for advisory opinion (AO). Under the Commission's regulations (11 CFR 112.4), the Commission may only respond to requester's questions in the form of an AO, and no opinion of an advisory nature may be issued by the Commission or any of its employees except in that form of an AO in conformance with the procedures of 11 CFR part 112.

We note that VHAF is not registered with the Commission as a Federal political committee, but is registered in Virginia as a State PAC. Without further information, the Commission cannot determine whether it has jurisdiction over VHAF's activities.

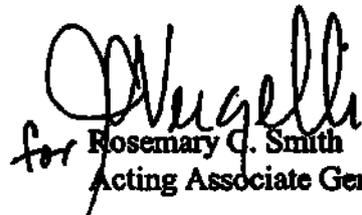
Please respond to the following questions so that this Office can determine the Commission's jurisdiction.

- 1) Has VHAF made contributions for the purpose of influencing a Federal election in excess of \$1,000 during a calendar year? (For example, has VHAF made more than \$1,000 in contributions to a candidate for Federal office during a calendar year?)

- 2) Has VHAF received contributions aggregating in excess of \$1,000 for the purpose of influencing a Federal election?
- 3) Is VHAF affiliated with, or otherwise connected with, a Federal political committee or a political party?
- 4) Please identify more specifically the "federal legislation" in accordance with which VHAF expended all funds prior to November 5, 2002.

If you still want to request an AO, please send your responses to these questions, and a specific request for an AO, to the Commission's Office of General Counsel. Also, please provide a telephone number where you may be reached on behalf of VHAF. Upon receipt of your responses, this Office will give further consideration to your inquiry. If you have any questions about the advisory opinion process or this letter, please contact Cheryl Hemsley at 202-694-1650.

Sincerely,


for Rosemary C. Smith
Acting Associate General Counsel

**VIRGINIA HIGHLANDS ADVANCEMENT FUND
POST OFFICE BOX 1176
DAMASCUS, VIRGINIA 24236**

December 19, 2002

Federal Election Commission
Office of General Counsel
999 E Street NW
Washington, DC 20463

2002 DEC 26 A 11: 25

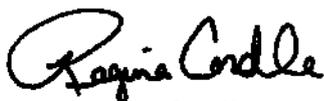
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COUNSEL

Dear Sir/Madam:

I am writing with regard to the Virginia Highlands Advancement Fund (VHAF), which a 527 political organization. In accordance with federal legislation, adopted in 2002, the VHAF expended all funds prior to November 5, 2002.

However, an unexpected refund from the Internal Revenue Service was received in the amount of \$690.10 on December 9, 2002.

The committee would like to refund these funds to previous contributors. Please advise as to whether this is an acceptable use of these fund. If not, please explain how these funds may legally be spent and this committee's account be closed.



Regina Cordle
Treasurer